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ARTICLES:

(1) US envoy vows to listen to counterproposal; Futenma relocation premised on feasibility

RYUKYU SHIMPO (Page 1) (Full)  
February 14, 2006

US Ambassador to Japan Thomas Schieffer addressed the Okinawa Association of Corporate Executives, or Okinawa Keizai Doyukai, in its monthly meeting held yesterday afternoon at the Loisir Hotel Okinawa. In his speech, Schieffer indicated that the United States is ready to consider any alternative ideas Okinawa has to propose for the planned relocation of the US Marine Corps' Futenma Air Station to Camp Schwab in the city of Nago, which the Okinawa prefectural government and the Nago municipal government have rejected. "If the people of Okinawa Prefecture and the local citizens of Nago are opposed to the relocation and if they say they have a better idea, we will sincerely listen to them," Schieffer said.

Schieffer was asked what if Nago proposes building an offshore facility. "As a result of talking about that idea, the facility might be built as planned," Schieffer said. "If there is a better idea, we might choose it," the ambassador added.

However, Schieffer also said Japan and the United States are holding negotiations based on a broad, conceptual agreement to relocate Futenma airfield to Camp Schwab. "We will sincerely take any proposal but will not necessarily agree to that proposal, and an agreement, if not translated into action, will be useless." With this, Schieffer implied that the Japanese and US governments would work out a final report based on a coastal plan.

In the meantime, the Okinawa prefectural government has been

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seeking to relocate Futenma airfield elsewhere outside Okinawa Prefecture. However, Schieffer ruled out the possibility of doing so. In this regard, the envoy said reaching a settlement on the Futenma relocation is in a "total package" with returning bases south of Kadena base and reducing 7,000 Marines. When it comes to the final report, he said it would come out by the end of March.

Schieffer met with Okinawa Gov. Keiichi Inamine yesterday morning. "The governor said the Futenma relocation is the only exception," Schieffer said. With this, he indicated that the Okinawa prefectural government would accept the agreed reversion of bases in the prefecture's central and southern districts.

(2) US envoy says US to "consider" local counterproposal, indicates US not sticking to coastal plan; True intentions unreadable

RYUKYU SHIMPO (Page 2) (Full)  
February 14, 2006

"If the local communities propose a better idea, then we will sincerely listen to them." With this, US Ambassador to Japan Schieffer indicated yesterday that the United States would consider any alternative ideas Okinawa has to propose for the planned relocation of Futenma airfield to a coastal area of Camp Schwab while the Japanese and US governments are about to reach a final agreement on the realignment of US forces in Japan.

In October last year, Japan and the United States released an interim report on the realignment of US forces, incorporating their agreement on specific plans. Before that, however, the US government had pushed a local proposal from former Nago Mayor Tateo Kishimoto and others to install a Futenma alternative in shallow waters off the coast of Nago's Henoko district. As it stands, the ambassador's remarks had a certain impact on local officials. "It's a flexible message to the effect that the US side will not stick to the coastal plan," a senior official of the Okinawa prefectural government says. One local official regards the ambassador's remarks as seeking to find a way out of the impasse over the Futenma relocation facing rough going. However, officials in the Okinawa prefectural government, Nago

municipal government, and Japanese government are taking the ambassador's remarks in various ways. Some even wonder what his remarks really mean.

Schieffer said the United States would not necessarily agree to Okinawa's counterproposal. The ambassador drove a wedge into a sudden spread of expectations for progress in talks over an alternative idea.

Referring to last October's intergovernmental agreement on the US military's realignment, Schieffer reiterated that it is a "broad, conceptual agreement," thereby implying possible alterations to specifics. However, there is still no knowing how seriously the United States will explore changes to the coastal plan, such as whether the United States will really consider an offshore site for the Futenma relocation.

"I can't say the US side has shown a stance of responding to our alternative idea," a senior official of the Okinawa prefectural government says. "But," this official added, "we can clearly see problems about the Japanese government that is sticking to the coastal plan." With this, the official noted that the Japanese

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government holds the key to break the impasse.

Meanwhile, Nago Mayor Yoshikazu Shimabukuro is poised to sit down at the negotiating table with the government if the government modifies the coastal plan. However, the new mayor remains committed to his usual stance, declaring that the Nago municipal government would not offer to make any overtures. The Okinawa prefectural government is also seeking to rectify the coastal plan or otherwise to relocate Futenma airfield to another site outside Okinawa Prefecture. The Japanese government is aiming to reach a final agreement in the force realignment talks along with the coastal plan. Most of its officials are taking a cool view of the ambassador's remarks, with a senior official of the Foreign Ministry saying the ambassador "probably played lip service."

"The ball is now in our court," says a Defense Facilities Administration Agency source. However, the four parties-involving the Japanese government, Okinawa prefectural government, and Nago municipal government-remain unchanged in their respective positions. There is no predicting what will happen to the coastal plan from now on.

Main points from Ambassador Schieffer's remarks

Following are main points from US Ambassador to Japan Schieffer's remarks:

-- Okinawa Prefecture and Nago City are both opposed to the coastal plan. Will be there no change to the plan?

Schieffer: The Japan-US agreement is a broad, conceptual agreement to relocate (Futenma airfield) to Camp Schwab. If the people of Okinawa Prefecture and the local communities of Nago say they are opposed to the plan and they have a better idea, we will have to listen to them. If we can reach an agreement in detail as a result of talks, then I hope that it will be acceptable to the people of Okinawa Prefecture.

-- Is it a package to reach a settlement on the Futenma relocation, return bases south of Kadena base, and reduce 7,000 Marines?

Schieffer: It's a total package. Governor Inamine said the only exception is the Futenma relocation issue, and he indicated that he could accept all other specific realignment plans.

-- You said you will listen to local proposals. Do you mean that the United States will consider local proposals, or do you otherwise mean it's a proposal on the US government's part?

Schieffer: We will sincerely take local proposals, but we will not necessarily reach an agreement. I mean that the United

States, as a friend and as an ally, will respect and appreciate their views. Any agreement will be of no use unless it's translated into action.

-- How about the possibility of relocating Futenma airfield elsewhere outside Okinawa Prefecture? Is Nago's assertion acceptable?

Schieffer: There's no option to relocate Futenma airfield outside Okinawa Prefecture. As a result of talks, it may be relocated as planned, and if there is a better way, we may choose to do so.

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(3) Okinawa residents perplexed by US ambassador's remarks suggesting modifications; Japanese government says, "No effect on ongoing talks"; Nago City denies possibility of its coming up with proposal

OKINAWA TIMES (Page 2) (Full)  
February 14, 2006

By Go Watanabe of the politics and economics desk and Ou Yoshida at the Tokyo branch office

During a question-and-answer session after a speech yesterday, US Ambassador to Japan Thomas Schieffer indicated a stand that could be taken as being flexible about modifying the present plan for relocating the US Marine Corps Futenma Air Station to the coastal area of Camp Schwab. Many in the Okinawa prefectural government, as well as in the central government, are perplexed by his apparent display of flexibility, wondering what is his real intention. Some are, however, taking it cool-headedly. A senior prefectural government official, for instance, remarked: "It'll never happen that Okinawa Prefecture or Nago City will come up with a modification proposal." A central government official also stated, "That's unlikely to affect Japan-US talks." The fate of Japan-US talks is drawing wide attention, as the end-of-March deadline for a final report on the realignment of US forces in Japan is nearing.

Subtle difference felt

"I thought there was a subtle difference in nuance from the previous US position," a senior prefectural government official said. This official felt a "change" in the US stance from Ambassador Schieffer's answer when he said in response to questions on the coastal relocation plan: "If local residents have better plans, we have the responsibility to listen to them."

Late last month, US Secretary of Defense Donald Rumsfeld, keeping in mind the interim report released last October, urged Japan to make efforts, telling Liberal Democratic Party lawmakers and others while they were in the US: "We need to implement the agreed items in a steady manner." Regarding the Futenma relocation issue, too, the US had never hinted at revising or changing the coastal relocation plan until recently.

Schieffer, however, went as far as to say that as a result of accepting local ideas, "we may go ahead with the present plan or may look for ways to find better ideas."

"This remark could be taken as being flexible, but it depends on how you interpret it," the same prefectural government official noted. In actuality, however, the prefectural government remains unable to discern the real intention of the remark.

Another senior prefectural government official commented: "Isn't the US still sticking to the shallow-water plan (to relocate the airfield to somewhere within the Henoko reef)?" This official at the same time said flatly: "The shallow-water plan is worse (than the coastal plan) from the prefectural government's point of view."

No surprise

A senior Foreign Ministry official who looked perplexed said: "Supposedly such a remark came out, perhaps out of consideration for locals, but we have no idea about the real intention."

Another official of the same ministry pointed out: "At one point in the past before the interim report came out, the US promoted the shallow-water plan in response to Nago City's proposal. Given this, the remark emphasizing the wishes of locals is not surprising."

This official interpreted Secretary Rumsfeld's disapproval of revising the coastal plan as "indicating his desire to see the Japanese government fulfill its responsibility as it has promised before the release of the interim report to implement without fail the coastal plan."

Yet, the official had not taken (Scheiffer's) remark this time as expressing a US intention to respond to modifying the coastal plan. He has taken it coolly, noting: "There was no proposal for revising the plan in the recent working-level talks, nor was there any change felt from the prevailing mood of the US. It is unlikely that there will be any effect on the future talks."

(4) Realignment of US forces in Japan: Perception gap may bring a crisis to bilateral alliance; US distrustful of Japan's local-emphasized attitude

SANKEI (Page 1) (Full)  
February 12, 2006

By Naohisa Hanzawa

The Japanese and US governments yesterday ended the three days of working-level talks on the realignment of US forces in Japan (USFJ). In the meeting, the United States emphasized its strategy, while Japan prioritized the wishes of local municipalities. The perception gap between the two nations apparently obstructed progress in the talks. The recent revelation of the bid-rigging scandal involving the Defense Facilities Administration Agency (DFAA) has forced Japan to stop local coordination, and the Defense Agency (JDA) official in charge of negotiations was replaced recently. All these events have also helped the US to harbor a sense of distrust of Japan. A number of tasks, for instance, when to pull out Self-Defense Forces (SDF) troops from Iraq, are yet to be addressed. If the talks on the USFJ realignment broke down, the failure could bring the bilateral alliance to a crisis.

No strategic dialogue

"Local coordination has often cropped up, but what is important for Japan? You should think hard of this point."

"We know what is important for us. But holding discussion with locals is also necessary."

On Feb. 10., in this way US Deputy Under Secretary of Defense Richard Lawless and JDA Director-General Fukushima Nukaga exchanged views at the JDA. This exchange has projected the difference of stances between the two nations. The US has pursued military rationality, while Japan has considered what impact there will be on locals and called for figures necessary to make an explanation at home. "The US is becoming increasingly

irritated at the fundamental gap of perception," a government source said.

On the transfer of US Marines in Okinawa to Guam, the US has indicated about 8 billion dollars, or approximately 950 billion yen as the transfer cost Japan and the US would pay. Japan asked the US to quickly come up with the basis of the calculation. But

the US' priority is on "promoting discussions on expanding, for instance, the SDF's role along with the transfer of Marines, in order to maintain deterrent force," a senior uniformed official explained.

#### Local coordination hits a snag

The realignment of USFJ is also a base issue for Japan. Many in the JDA firmly believe that if they miss this opportunity, burden reduction, for instance, would become impossible. In order to pay part of the cost of the transfer of Marines to Guam, however, Japan needs budgetary measures, and for that, data showing how the cost is calculated is also indispensable. But some officials in the Foreign Ministry expressed concern that if the present negotiating approach of focusing on burden reduction is not modified, "the talks with the US could hit a snag."

Smoldering US discontent with Japan stems from the lack of tangible progress in local coordination. The US also appears unable to understand at all Nago Mayor Yoshikazu Shimabukuro's attitude. As a candidate backed by the ruling camp, Shimabukuro was recently elected mayor of Nago in Okinawa, but he is reluctant to respond to negotiations on the transfer of the Futenma Air Station to the coastal area of Camp Schwab.

Late January, the JDA transferred its Defense Policy Bureau's Deputy Director-General Chisato Yamauchi, a responsible official for talks on the USFJ realignment. Rumor has it that Yamauchi, before his transfer from the post, consulted with Lawless on the transfer. This replacement, too, has become a "factor that has made the US distrustful of Japan, wondering whether the JDA is serious enough to conclude the talks," a Liberal Democratic Party lawmaker familiar with national defense said.

#### Aftermath of DFAA-led bid-rigging scandal

The DFAA plays a leading part in local coordination as a working group. But it is being rocked by the recent bid-rigging scandal involving itself and finds itself unable to function properly. A proposal for dismantling the DFAA is also beginning to have an unexpectedly adverse effect, because local governments cite such a dismantlement plan as an excuse not to sit at the negotiating table with the central government, arguing that it would be useless to hold discussions with officials whose organization is set to disappear.

Challenges facing Japan on the security front are not limited to the USFJ realignment. One is related to Ground Self-Defense Force (GSDF) troops now stationed in Iraq. Japan intends to withdraw all of them from there by May. Another is associated with the dispatch of Maritime Self-Defense Force (MSDF) troops to the Indian Ocean. Japan is looking for ways to end this dispatch by September, when the tenure of Prime Minister Junichiro Koizumi expires. Given these factors, Japan is likely to face difficulties in negotiations with the US in the first half of this year. Japan plans to resume working-level talks before the

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end of the month and after intensive discussion, reach a final agreement in late March. But should domestic issues derail talks on USFJ realignment, a crisis could develop in the alliance with the US.

(5) USFJ realignment: City gov't releases findings from Misawa, Iwakuni

CHITOSE MIMPO (Web version) (Full)  
February 11, 2006

While Japan and the United States are currently in the process of holding intergovernmental consultations on their planned realignment of US forces in Japan, the municipal government of Chitose City (in Japan's northernmost main island of Hokkaido) has released findings from its recent monitoring surveys of Misawa airbase in the city of Misawa, Aomori Prefecture, and Iwakuni airfield in the city of Iwakuni, Yamaguchi Prefecture.

The surveys both in Misawa and in Iwakuni monitored more frequent noise occurrences than in the case of Chitose airfield on Saturdays and Sundays. However, the surveys also found that both bases have generally exercised self-restraint on flights during the late night and early morning hours from 10 p.m. to 6 a.m.

The Japanese and US governments have released an interim report regarding the planned realignment of US forces in Japan, incorporating a plan to redeploy US jet fighters from three bases at Kadena in Okinawa Prefecture, Iwakuni, and Misawa to the Air Self-Defense Force's Chitose base (Chitose airfield) for some of their training flight missions. The Chitose municipal government sent personnel to Misawa and Iwakuni and conducted fact-finding surveys in the two cities.

According to findings from the surveys, Misawa airfield, though there are no arrangements between US forces and their local hosts regarding flight restrictions, conducts training that complies with local requests, such as: 1) considering noise even during routine training flights; 2) refraining from conducting training flights during the late night and early morning hours; 3) notifying local governments in advance of training flights scheduled for the late night and early morning hours; and 4) conducting no routine training flights on Saturdays, Sundays, and holidays.

When it comes to facts about aircraft noise (around Misawa airfield), annual data is not available because the Misawa municipal government has not disclosed findings from its own monitoring surveys. However, the Chitose municipal government found from its hearings with local residents that noise occurs frequently and that there are a little more frequent noise occurrences on Saturdays and Sundays than in the case of Chitose.

In addition, Misawa-based US military personnel and local citizens are animatedly communicating through a number of programs, such as holding Japanese and American cross-cultural events, opening an on-base golf course to the local public, and sending English teachers to local primary schools. In addition, the city of Misawa is also constructing American Village to revitalize its local economy.

In the case of Iwakuni Air Station, the Iwakuni Japan-US Consultative Council—a four-party body consisting of the Iwakuni municipal government, the Japanese government, the Yamaguchi

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prefectural government, and US forces—has confirmed that the US military would refrain from conducting flights during the late night and early morning hours and would not conduct flights over the city's industrial zone situated north of the base's runway. The US military has generally abided by these arrangements, according to the Chitose municipal government.

However, actual aircraft noise in Iwakuni City, when compared with Chitose City's Sumiyoshi district, is about five times more frequent on Saturdays and Sundays and about 30 times more frequent during the late night and early morning hours.

Iwakuni has a population of about 106,000, and US military personnel based there number about 5,300. In FY2004 (April 2004 through March 2005), there were 21 crimes (involving US military personnel). This crime rate is equivalent to 0.88% of all crimes that occurred in the Iwakuni Police Station's district during that fiscal year. In the meantime, traffic accidents (caused by US military personnel) numbered 41 or 1.06% of all traffic accidents in the district. Based on these findings, the Chitose municipal government will refer to the data when specifics about training flights are revealed.

(6) Bid-rigging scandal involving DFAA stands in way of plan to upgrade JDA to ministry status

Speaking to reporters at his official residence yesterday, Prime Minister Junichiro Koizumi reiterated a cautious stance about the submission of related bills to the current Diet session to upgrade the Defense Agency (JDA) to ministry status. Koizumi said: "I will closely watch the development of talks (by the Liberal Democratic Party and the New Komeito). Upon seeing the situation, I would like to make a judgment." When he held a meeting with former LDP Vice President Taku Yamasaki and others late last year, the prime minister had indicated his determination to carry out the JDA-upgrading plan during his term of office. But Koizumi has now made an about-face.

LDP Policy Research Council Chairman Nakagawa told reporters the same day: "We need first to see what measures the JDA will present to prevent a recurrence of bid-rigging practices." He indicated that priority should be given to efforts to investigate the bid-rigging scandal involving the Defense Facilities and Administration Agency (DFAA) late last month and to work out preventive measures. A senior New Komeito member also stated: "In our party, there is strong opposition to the plan to raise the JDA to a ministry. The atmosphere in the party is that there will be no other option but to put the related bills on the backburner."

The government and the ruling coalition had decided to submit related bills to the current Diet session to raise the JDA to a ministry. New Komeito Vice President Shozo Kusagawa also listed on Jan. 25 these conditions for upgrading the JDA: (1) integrate the JDA and DAFF; and (2) ensure civilian control of the military.

The disclosure of a bid-rigging scandal involving the DFAA in late January applied the brakes to the moves favorable for the JDA-upgrading plan. JDA Director General Nukaga and other

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officials had initially envisioned a scheme under which the JDA would be upgraded to ministry status and the DFAA would be kept in place." After the DFAA scandal was reported, the JDA officials worked out a strategy to have the agency dissolved and integrated into the JDA and then to have the JDA upgraded to a ministry. But arguments urging caution about raising the JDA status have emerged in the ruling camp. One ruling party member said: "If we come up with the JDA-upgrading plan before bringing out the truth of the DFAA scandal, the result will be that we provide the opposition camp, including the Democratic Party of Japan (Minshuto), with ammunition to attack us."

Later, more bid-rigging cases were found in construction and engineering projects at US military, such as the US Marines Corps' Iwakuni Base in Yamaguchi Prefecture and the US Navy Sasebo Base in Nagasaki Prefecture. The series of scandals are likely to affect the ongoing US force realignment talks. Under such a circumstance, the JDA and the DFAA have no leeway to tackle the JDA-upgrading issue.

The LDP, though, incorporated the promotion plan in its action program for 2006 at the January convention. The party has referred to the defense ministry plan in ruling party agreements since 2002. An LDP member who once assumed the prime ministership said: "The issue should not be put off forever. We should decide on a specific timeframe for implementing the plan, even if it is difficult to do so during the current Diet session."

Given this, some in the ruling camp suggest forming a new agreement in the camp to ensure the defense ministry plan, and others propose that bills should be submitted at the last stage of the current Diet session and carried over to the next Diet session.

(7) US steps up pressure on Japan, China due to record high of trade deficits with two countries regarding automobiles and the yuan



With the new record high in US trade deficits with Japan and China in 2005, US political circles will inevitably become more sensitive about trade relations with Tokyo and Beijing with an eye on the fall off-year congressional election. Intertwined with the second ban on imports of US beef, there is the possibility that the US Congress will heighten criticism of Japan and that it will urge China to move ahead with the revaluation of the yuan.

The US trade deficit with Japan expanded in 2005 due to the strong US economy, as well as the depreciation of the yen. US imports of Japanese automobiles also increased. Exports of Japanese automobiles and auto parts accounted for 60% of the entire US deficit with Japan. Although Japan has refrained from intervening in the market to prevent yen appreciation, the US auto industry, which is in a predicament, has been criticizing Japan's exchange policy for failing to allow the yen to strengthen.

The US livestock industry and the Congress are growing dissatisfied with Japan's re-imposition of a ban on US beef imports. If Japan prolongs the ban on US beef imports, calls for invoking economic sanctions on Japan might flare up again in the United States because of huge US trade deficit with Japan.

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Chances are slim that trade friction will become serious because the Bush Administration has urged US automobile makers to make their own efforts to revitalize the industry and because the administration has been negative about imposing sanctions against Japan due to the beef issue. However, with the fall election in mind, the US Congress' criticism of Japan cannot be ignored.

Secretary of the Treasuries John Snow asserted: "There are limits

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to the Japanese and EU purchasing power of US products because their economic growth rates are low." Japan will likely be urged to accelerate further the growth of its economy at the G-8 finance ministerial conference to be convened on Feb. 10.

China revalued the yuan in July 2005. However, since the US deficit with China, expanded, the US is growing dissatisfied with the meager appreciation of the yuan. In his State of the Union address in late January, President Bush characterized China as a competitor of the US. He will likely strengthen pressure on China to revalue the yuan in consideration of a visit to the US by Chinese President Hu Jintao in April.

SCHIEFFER